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Approved For Release 2001/03/05 : CIA-RDP82-00457R00060001-0

## CD NO.

25X1A

COUNTRY Germany (Russian Zone)

DATE DISTR. 22 JAN 51

**SUBJECT** East German Railroads To Be Given  
Measure of Financial Freedom

NO. OF PAGES 1

25X1A

NO. OF ENCLS.  
(LISTED BELOW)

SUPPLEMENT TO  
REPORT NO.

25X1X

1. Until recently the Railroad Administration of Eastern Germany was compelled to hand over to the East German government all of its west marks and was not permitted to retain any to meet even its most essential requirements.
2. In October 1950 the East German railroads had such a pressing need for west marks for the repair of locomotives that, on their own initiative, they sold as scrap a number of railroad cars to a value of 1,000,000 DM to scrap dealers in West-Berlin.
3. This transaction became known to Staatssekretär Rumpf of the East German Finance Ministry, who at first tried to effect the arrest of all concerned in the deal for selling "strategic materials" to the West. Finally, however, a compromise was reached under which the Railroad Administration gave an assurance that no further scrap would be delivered to the West. In return, the East German government promised to allow a certain decentralization of the railroads during 1951 and to allocate to them an unspecified amount of west marks which the railroads might dispose of freely for their most essential requirements.

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## CLASSIFICATION

[illegible]

Document No. 100-441101-1000  
No Change in Class. ☐  
☒ Declassified  
Class. Changed To: TS S G  
Auth: RB VR-1

This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the Archivist of the United States.

Approved For Release 2001/03/05 : CIA-RDP82-00457R000670037002-0